



Weekly Markets Overview

Last week

- US March inflation came in above forecasts, with headline CPI at 3.5% (vs 3.4% forecast) and core at 3.8% (vs 3.7% forecast)
- European Central Bank left the interest rate unchanged at 4.5% (as expected)

Week ahead

- Eurozone inflation and China GDP
- Earnings from Goldman Sachs (GS), Bank of America (BAC), Morgan Stanley (SM), Louis Vuitton (LVMUY), Netflix (NFLX), Taiwan Semiconductor (TSM), and others

*For exact dates please check page 4 of this document

Commentary:

Stocks post the second week of losses in response to a higher than expected US inflation. For the fourth consecutive release, US CPI came in above consensus forecasts, with March core CPI remaining unchanged from previous month at 3.8%. Consequently, markets are now pricing in one or two 25bps cuts in 2024, with June cut probability down to 21% from 51% in previous week. As a result, small cap US equities declined the most, with large cap growth stocks outperforming the rest of the market. Meanwhile, treasury yields have spiked across maturities, with 2-year and 10-year treasury yields up by roughly 60bps¹ since the start of the year.

Investors anticipate higher stock market volatility, with VIX² up by 25% YTD. Sticky US inflation, new geopolitical tensions in the Middle East, and upcoming elections in major economies create volatile environment for stocks. Therefore, investors are expected to benefit from diversifying their equity portfolios, both in terms of categories (i.e., sizes and styles) as well as geographies. Lastly, while the US small-caps and Emerging Markets equities are trading at attractive valuations, high fixed income yields may provide additional diversification benefits.

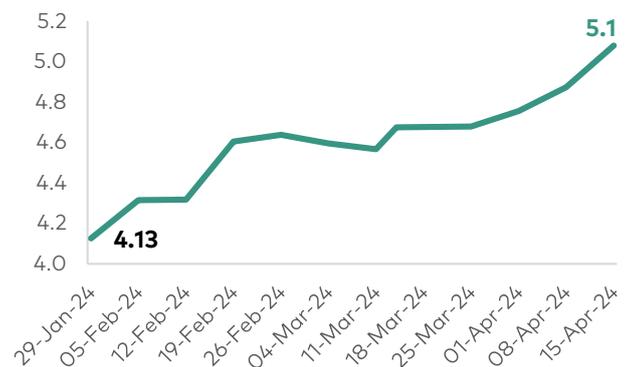
- Basis points (bps) is one hundredth of a percent (e.g., 10bps = 0.1%)
- VIX is a market-based index, demonstrating expected volatility of S&P 500 for next 30 days

EQUITIES	Level	1W % change	1M % change	YTD % change
United States				
S&P 500	5,123	-1.6	-1.0	7.4
Nasdaq 100	18,003	-0.6	-1.2	7.0
Dow Jones 30	37,983	-2.4	-2.6	0.8
Russell 2000	2,003	-2.9	-3.0	-1.2
Global				
S&P Europe	2,052	-0.2	-0.3	5.6
S&P China	2,441	-1.4	-3.1	0.1
S&P Japan	2,194	0.8	0.1	9.6
S&P Global	3,686	-1.5	-1.3	6.6

FIXED INCOME	Yield (%)	1-week ago	1-month ago	1-Jan-2024
United States				
2y US Treasury	4.88	4.73	4.60	4.25
10y US Treasury	4.50	4.38	4.16	3.88
US IG Credit	5.62	5.51	5.35	5.19
US HY Credit	8.08	7.88	7.76	7.87
Europe				
2y German Bund	2.86	2.87	2.83	2.41
10y German Bund	2.36	2.40	2.34	2.02
Europe IG Credit	3.80	3.79	3.83	3.67
Europe HY Credit	6.2	6.12	5.92	6.06

*For detailed information on listed indices and securities please check page 5 of this document

Market-implied forecast for 2024 year end Fed rate (upper bound) (%)



Source: Bloomberg

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S&P 500 Sector Highlights

Financials was the weakest performing sector last week, with the associated ETF (XLF) losing -3.6% w/w. 95 out of 100 largest sector stocks lost the ground during the week. From top 20, all stocks declined. The weakest performers were JPMorgan (JPM, -7.4%), Morgan Stanley (MS, -6.8%), Goldman Sachs (GS, -4.6%), and BlackRock (BLK, -4.3%).

Materials was the weakest performing sector, with respective ETF (XLB) losing -3.1% w/w. 67 out of 100 largest sector stocks closed the week in red. From top 20, 14 stocks declined. The best performers from the list were Rio Tinto (RIO, +4.8%) and Southern Copper Corporation (SCCO, +4.5%). Meanwhile, the weakest performers were Corteva (CTVA, -5.4%), CRH (CRH, -4.6%), and Linde (LIN, -3.7%).

*For detailed information on sectors please check page 5 of this document

S&P 500 sector review: last week performance

Sector	ETF Ticker	Price, \$	W/W return	YTD, %	52-week low, \$	52-week high, \$	12 month outlook
S&P 500	SPY	510.9	-1.5 	-0.8	404.4	523.2	Positive
Technology	XLK	205.4	-0.5 	-2.7	144.0	211.0	Neutral
Discretionary	XLY	177.1	-1.0 	-2.3	143.5	185.0	Negative
Staples	XLP	73.4	-1.3 	-3.4	66.2	77.5	Neutral
Communications	XLC	81.3	-1.4 	1.5	56.1	82.8	Neutral
Utilities	XLU	64.2	-1.5 	1.2	56.2	70.0	Neutral
Energy	XLE	96.1	-2.0 	8.1	76.6	98.1	Positive
Industrials	XLI	122.9	-2.2 	0.6	96.4	126.0	Neutral
Real Estate	XLRE	37.2	-3.0 	-6.6	32.2	40.5	Negative
Health Care	XLV	138.9	-3.0 	-5.5	123.1	147.9	Neutral
Materials	XLB	89.9	-3.1 	-0.5	74.5	93.1	Positive
Financials	XLF	40.1	-3.6 	-2.0	31.5	42.1	Positive

Source: Galt & Taggart Research, Bloomberg, Tipranks

*Percentage price changes given in parentheses indicate w/w changes

Performance of last week's most traded stocks

#	Ticker	Name	Price, \$	W/W, %	M/M, %	YTD, %	52-week low, \$	52-week high, \$	12M price target, \$*	12M upside potential, %
1	AAPL	Apple	176.6	4.1	1.9	-4.2	160.1	198.1	200.0	13.3
2	TSLA	Tesla	171.1	3.7	-3.7	-28.3	153.8	293.3	222.3	30.0
3	GOOGL	Alphabet	157.7	3.4	13.9	13.5	103.7	159.4	166.2	5.4
4	TSM	Taiwan Semiconductor	142.5	0.8	-1.3	42.3	82.3	149.2	160.8	12.8
5	AMZN	Amazon.com	186.1	0.6	6.1	25.4	97.8	189.1	211.1	13.4
6	NVDA	NVIDIA	881.9	0.2	-4.1	85.4	262.4	950.0	992.6	12.6
7	BABA	Alibaba	71.3	-0.5	-6.3	-6.9	68.1	102.2	104.9	47.1
8	XOM	Exxon Mobil	120.4	-0.8	11.1	16.6	96.8	122.2	126.4	5.0
9	MSFT	Microsoft	421.9	-0.9	1.6	13.8	275.4	429.4	472.5	12.0
10	MU	Micron	122.5	-0.9	25.8	48.9	58.1	128.0	127.0	3.7
11	WFC	Wells Fargo & Co	56.5	-1.6	-2.0	16.0	36.7	58.0	55.4	-1.9
12	CVX	Chevron	159.0	-1.6	4.7	4.4	141.5	172.4	180.4	13.5
13	META	Meta Platforms	511.9	-2.9	2.4	48.6	207.6	527.3	533.0	4.1
14	C	Citigroup	59.7	-3.1	3.9	11.3	37.7	63.5	67.1	12.4
15	BAC	Bank of America	35.8	-3.6	-0.5	6.7	25.2	37.9	39.0	9.0
16	DIS	Walt Disney	114.0	-3.7	1.4	24.4	79.3	122.8	130.1	14.1
17	AMD	AMD	163.3	-4.2	-19.5	20.7	81.6	211.4	199.0	21.9
18	BA	Boeing	169.6	-7.4	-8.0	-30.5	169.6	264.3	231.7	36.7
19	JPM	JPMorgan	182.8	-7.4	-3.7	7.3	128.5	200.3	203.4	11.3
20	INTC	Intel	35.7	-7.8	-21.1	-24.1	27.4	50.8	44.7	25.2

*Price targets represent the average price forecasts made during past three months by the highest ranked analysts (primarily from Wall Street). A positive 12 month return target implies an overall "Buy" recommendation by analysts
 Source: Bloomberg, Tipranks (top 20 by value)



Week ahead calendar

Macroeconomic releases

Company earnings

	Time (GMT +4)	Country	Event	Company	Ticker	Time
Monday 15 April	16:30	US	Retail sales (Mar)	Goldman Sachs	GS	Premarket
			Charles Schwab	SCHW	Premarket	
Tuesday 16 April	06:00	China	GDP growth (1Q24)	UnitedHealth Group	UNH	Premarket
	10:00	UK	Employment change (Feb)	Johnson & Johnson	JNJ	Premarket
	13:00	Eurozone	Economic sentiment index (Apr)	Bank of America	BAC	Premarket
	16:30	US	Building permits prel. (Mar)	Morgan Stanley	MS	Premarket
			Rio Tinto	RIO	After market	
			Louis Vuitton	LVMUY	N/A	
Wednesday 17 April	10:00	UK	Inflation (Mar)	ASML	ASML	Premarket
	13:00	Eurozone	Inflation (Mar)	Abbott Labs	ABT	Premarket
Thursday 18 April				Prologis	PLD	Premarket
				Blackstone	BX	Premarket
				Elevance Health	ELV	Premarket
				Netflix	NFLX	After market
			Taiwan Semiconductor	TSM	N/A	
Friday 19 April	03:30	Japan	Inflation (Mar)	Procter & Gamble	PG	Premarket
			American Express	AXP	Premarket	
			Schlumberger	SLB	Premarket	

Source: DailyFX, S&P Capital IQ

Definitions: Sectors

Communications	Includes companies that produce communication technologies and services. Major industries are internet content & information, telecom services, entertainment, electronic gaming & multimedia, advertising agencies, broadcasting, and publishing. Examples of leading companies in this sector are Alphabet, Meta Platforms, Netflix, T-Mobile, and Walt Disney.
Technology	Includes companies that produce technological goods or services. Major industries are software, semiconductors, consumer electronics, IT services, computer hardware, electronic components, and scientific & technical instruments. Examples of leading companies in this sector are Apple, Microsoft, NVIDIA, Cisco, and IBM.
Discretionary	Includes companies that produce non-essential or luxury goods and services (aka Consumer Discretionary or Consumer Cyclical). Major industries are general and internet retail, auto manufacturing & dealership, apparel, restaurants, travel services & resorts, and gambling. Examples of leading companies in this sector are Amazon, Tesla, Nike, Alibaba, and McDonald's.
Staples	Includes companies that produce goods essential to life (aka Consumer Staples or Consumer Defensive). Major industries are discount stores, household & personal products, beverages, tobacco, packaged foods, confectioneries, farm products, and grocery stores. Examples of leading companies in this sector are Walmart, Procter & Gamble, Coca-Cola, Philip Morris, and Costco.
Health Care	Includes companies that produce health-related products and services. Major industries are drug manufacturing, biotechnology, healthcare plans, medical devices, instruments & supplies, diagnostics & research, and medical care facilities. Examples of leading companies in this sector are Eli Lilly, UnitedHealth Group, Johnson & Johnson, AstraZeneca, and Pfizer.
Financials	Includes companies related to finance and investing. Major industries are banks, insurance, credit services, asset management, capital markets, and financial data & stock exchanges. Examples of leading companies in this sector are Berkshire Hathaway, Visa, JPMorgan, Bank of America, and Goldman Sachs.
Industrials	Includes companies that mainly produce capital goods for manufacturing and construction. Major industries are aerospace & defense, industrial machinery, railroads, farm & heavy construction machinery, freight & logistics, and building products & equipment. Examples of leading companies in this sector are Union Pacific, United Parcel Services, FedEx, General Electric, and Boeing.
Materials	Includes companies that produce raw materials mostly for manufacturing purposes. Major industries are chemicals, industrial metals & mining, precious metals & mining, building materials, agricultural inputs, paper & paper products, and lumber & wood products. Examples of leading companies in this sector are Linde, BHP Group, Rio Tinto, and Dow.
Energy	Includes companies relating to oil, gas, and consumable fuels. Major industries of the sector are oil & gas: exploration & production, midstream, equipment & services, refining & marketing, drilling, uranium, and thermal coal. Examples of leading companies in this sector are Exxon Mobil, Chevron, Shell, Occidental Petroleum, and BP.
Utilities	Includes companies that provide basic utilities, such as gas, water, and electricity. Major industries include regulated electric, renewables, regulated gas, regulated water, and independent power producers. Examples of leading companies in this sector are NextEra Energy, Southern Company, and Duke Energy.
Real Estate	Mainly includes Real Estate Investment Trusts (REITs). Major industries are REIT: specialty, industrial, residential, retail, healthcare facilities, diversified, office, mortgage, hotel & motel, and real estate services. Examples of leading companies in this sector are Prologis, American Tower, and Equinix.

Source: S&P Capital IQ, Corporate Finance Institute

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